

# NEWS RELEASE

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For further information please contact

Danuta Komar, Investor Relations Manager at [danuta.komar@adaro.com](mailto:danuta.komar@adaro.com)

Febriati Nadira, Head of Corporate Communications, at [febriati.nadira@adaro.com](mailto:febriati.nadira@adaro.com)

Or visit our website at [www.adarominerals.id](http://www.adarominerals.id)

## **PT Adaro Minerals Indonesia Tbk Reports Strong Profitability as Core Earnings Increases 113% and Operational EBITDA Increases 98% YoY on the back of 42% Higher ASP. Business Transformation Projects Are on Track.**

- ADMR generated operational EBITDA of \$490 million in FY22, 98% higher from \$248 million in FY21. ADMR core earnings increased 113% to \$342 million in FY22 from \$161 million in FY21.
- ADMR recorded 42% higher ASP and 39% higher sales volume y-o-y in FY22 which supported the historically strong results.
- ADMR has completed the detailed engineering design for the expansion of Muara Tuhup Port and has also completed the vendor selection for upgrade of hauling road and fuel storage facility. These projects are going to support ADMR's medium term production target of 6 Mtpa.
- ADMR is leading the transformation of Adaro Group to become a bigger and greener company. In FY22 ADMR has achieved several milestones, including the signing of an MoU with Hyundai Motor Company regarding the production and supply of aluminium, and the signing of a Conditional Share Subscription Agreement with its partners, through its subsidiary, for the aluminium smelter project.

**Jakarta, March 1, 2023** – PT Adaro Minerals Indonesia Tbk. (IDX: ADMR) today reported its financial performance for the 2022 fiscal year. ADMR generated operational EBITDA of \$490 million, nearly double its FY21 operational EBITDA of \$248 million.

ADMR generated strong core earnings of \$342 million in FY22, 113% higher than FY21 core earnings of \$161 million. Higher average selling price (ASP) and higher sales volume were drivers to the increase in profitability.

ADMR's President Director and Chief Executive Officer, Mr. Christian Ariano Rachmat, said:

**“Our strong FY22 performance reflected the favorable market condition as seen in the strong price environment during the year. We were able to capture the momentum by increasing our volume and delivered on our operational target. ADMR continues to lead the Adaro Group's transformation and were able to achieve several milestones during the year. Within one year since we announced our aluminium smelter project, we have signed**

**an offtake MoU and finalized our partners in that project. We will continue to execute our plan, utilizing the tailwind of strong coal price and lead the Adaro Group to become a bigger and greener company.”**

In 2023, the company is guiding for sales volume of 3.8 Mt to 4.3 Mt. ADMR continues to ramp up volume supported by strong demand from customers, in-line with its 6 Mtpa medium-term target. FY23 strip ratio is targeted at 3.8x, as the company plans to restart operation from PT Lahai Coal, which has higher strip ratio compared with PT Maruwai Coal.

Capital expenditure for our metallurgical coal business in FY23 is targeted at \$70 million to \$90 million. This capex figure does not include capex for our aluminium smelter. We expect to achieve financial close for the aluminium smelter in 1H23 and will make further announcement on our equity portion at a later time.

#### Financial Performance

<i>(\$ thousands, except otherwise stated)</i>	FY22	FY21	Change
Net Revenue	908,142	460,171	97%
Cost of Revenue	(373,227)	(219,720)	70%
Gross Profit	534,915	240,450	122%
Operating Income	458,400	217,556	111%
Core Earnings <sup>1</sup>	341,672	160,726	113%
Operational EBITDA <sup>2</sup>	490,453	247,977	98%
Total Assets	1,286,625	965,703	33%
Total Liabilities	717,317	760,259	-6%
Total Equity	569,308	205,444	177%
Interest Bearing Debt	487,156	633,704	-23%
Cash	511,382	180,828	183%
Net Debt <sup>3</sup>	(24,226)	452,876	-105%
Capital Expenditure <sup>4</sup>	21,137	11,304	87%
Free Cash Flow <sup>5</sup>	374,250	117,625	218%
Basic Earnings Per Share (EPS) in US\$	0.0081	0.0096	-16%

#### Financial Ratios

	FY22	FY21	Change
Gross Profit Margin (%)	58.9%	52.3%	7%
Operating Margin (%)	50.5%	47.3%	3%
Operational EBITDA Margin (%)	54.0%	53.9%	0%
Net Debt (Cash) to Equity (x)	(0.04)	2.20	-102%
Net Debt (Cash) to last 12 months Operational EBITDA (x)	(0.05)	1.83	-103%
Cash from Operations to Capex (x)	22.69	14.17	60%

<sup>1</sup> Profit for the period, excluding non-operational items net of tax.

<sup>2</sup> EBITDA excluding non-operational items.

<sup>3</sup> After deduction of cash and cash equivalents.

<sup>4</sup> Capex spending defined as: payments for additions of fixed assets + payment for addition of exploration and evaluation asset – proceed from disposal of fixed assets.

<sup>5</sup> Operational EBITDA – taxes + change in net working capital – capital expenditure.

### Operating Segment

(\$ thousand)	Revenue			Profit for the period		
	FY22	FY21	Change	FY22	FY21	Change
Coal mining	905,445	459,463	97%	352,505	161,036	119%
Other services	4,655	708	558%	(16,829)	(4,324)	289%
Elimination	(1,958)	-	-	62	-	-
<b>ADMR</b>	<b>908,142</b>	<b>460,171</b>	<b>97%</b>	<b>335,739</b>	<b>156,712</b>	<b>114%</b>

## FINANCIAL PERFORMANCE ANALYSIS FOR FISCAL YEAR 2022

### Revenue, Average Selling Price and Production

ADMR's reported FY22 revenue of \$908 million, which represents a 97% increase compared to \$460 million in FY21, on the back of higher sales volume and higher ASP on a year-on-year basis. ADMR recorded a 42% increase in ASP in FY22 compared to FY21 as demand increased post-pandemic.

Production volume in FY22 increased by 46% to 3.37 Mt from 2.30 Mt in FY21. ADMR's sales volume in FY22 of 3.20 Mt was higher by 39% compared with 2.30 Mt in FY21. Overburden removal volume in FY22 was 8.32 Mbcm, 62% higher than 5.15 Mbcm in the year ago period and resulted in a strip ratio of 2.47x for FY22, or 10% higher than FY21 strip ratio of 2.24x.

### Cost of Revenue

Cost of revenue in FY22 increased 70% to \$373 million from \$220 million in FY21, mainly due to higher royalty costs from higher sales volume and higher ASP. Mining cost increased 51% to \$65 million in FY22 from \$43 million in FY21, as ADMR recorded higher overburden removal and production volume. The higher volume y-o-y also drove the 113% increase of coal processing cost to \$49 million from \$23 million in FY21, 76% increase in freight and handling cost to \$86 million from \$49 million in FY21, and a 162% increase in cost of fuel on the back of higher volume and increased fuel costs.

Royalties expense to the government in FY22 increased 146% to \$152 million from \$62 million driven by higher revenue. Royalty cost accounted for 41% of our cost of revenue in FY22 compared to 28% in FY21.

### Operating Expenses

Operating expenses in FY22 increased by almost three-folds to \$75 million from \$25 million in the year ago period, mainly due to the higher allowance for government charges.

We recorded 231% increase in sales commission to \$9.1 million in FY22 from \$2.8 million in FY21, in-line with higher sales volume and higher ASP which increased by 39% and 42%, respectively on a year-on-year basis.

### **Royalties to Government and Income Tax Expense**

Royalties to the Government of Indonesia and income tax expense in FY22 reached \$254 million, or a 137% increase from \$107 million in FY21 due to higher revenue from sales of coal driven by higher sales volume and higher ASP year-on-year.

### **Operational EBITDA**

FY22 operational EBITDA of \$490 million was nearly double from \$248 million in FY21, on the back of higher sales volume and higher ASP on a y-o-y basis. ADMR recorded solid operational EBITDA margin of 54%, flat year-on-year compared to FY21.

The strong metallurgical coal price in FY22 was a boon for our ASP, and we recorded 42% increase year-on-year in ASP.

### **Core Earnings**

Core earnings in FY22 increased 113% to \$342 million from \$161 million in FY21. Profit before tax increased 117% to \$438 million in FY22 from \$202 million in FY21.

ADMR's tax expense increased by 126% to \$102 million in FY22 from \$45 million in FY21 in line with higher profitability.

### **Total Assets**

Total assets at the end of FY22 increased 33% to \$1,287 million from \$966 million at the end of FY21. Current assets more than doubled to \$646 million at the end of FY22 from \$317 million at the end of FY21. The increase in current asset was driven by a 183% increase in cash balance to \$511 million at the end of FY22, from \$181 million at the end of FY21. Non-current assets declined by 1% to \$640 million at the end of FY22 from \$649 million at the end of FY21.

#### ***Fixed Assets***

Fixed assets as at the end of FY22 declined by 1% to \$409 million from \$414 million at the end of FY21. Fixed assets accounted for 32% of total assets at the end of FY22.

#### ***Mining Properties***

Mining properties as at the end of FY22 declined by 4% to \$185 million from \$192 million a year ago, mainly due to amortization in line with coal production.

### **Total Liabilities**

At the end of FY22, total liabilities declined 6% to \$717 million compared to \$760 million a year ago. Current liabilities at the end of FY22 increased 113% to \$197 million from \$92 million at the end of FY21 due to higher taxes payables, and higher royalty payables in line with the increase in our revenue. The increase in accrued expenses, mainly from the increase in allowance for government charges, also contributed to the increase in current liabilities.

Non-current liabilities declined by 22% to \$520 million at the end of FY22 from \$668 million a year ago as loans from shareholders declined by 23% to \$487 million from \$634 million at the end of FY21. We have made partial repayments on this loan, and in FY22 have repaid a total of \$148 million.

### **Debt Management and Liquidity**

At the end of FY22, ADMR had secured an adequate level of liquidity, represented by a cash balance of \$511 million, 183% higher compared to \$181 million at the end of FY21. Interest-bearing debts at the end of FY22 were \$487 million, lower by 23% from \$634 million at the end of FY21 as the company paid down some intercompany loans.

### **Total Equity**

At the end of FY22, ADMR's equity level increased by 177% to \$569 million from \$205 million at the end of FY21, due to the significant increase in retained earnings from a year ago driven by higher profitability. Retained earnings increased by 407% to \$414 million at the end of FY22 from \$82 million at the end of FY21.

### **Cash Flows from Operating Activities**

In FY22, cash flows from operating activities increased 199% to \$480 million from \$160 million in the year ago period. This increase was mainly driven by the 147% increase in receipts from customers which reached \$930 million in FY22 from \$376 million in FY21 due to higher ASP and sales volume.

### **Cash Flows from Investing Activities**

Net cash flows used in investing activities in FY22 was \$24 million, a 94% decline from \$394 million in the same period last year. In FY21 ADMR paid \$382 million to acquire five mining concessions from PT Alam Tri Abadi, a subsidiary of PT Adaro Energy Indonesia Tbk.

#### ***Capital Expenditure and Free Cash Flow***

Capital expenditure in FY22 was \$21 million, 87% increase from \$11 million in FY21. The capital expenditure spent during the period was mainly for the expansion of Tuhup Port and construction of the aluminium smelter project.

ADMR generated strong free cash flow of \$374 million in FY22, 218% higher than \$118 million in FY21 on the back of strong operational EBITDA.

### **Cash Flows from Financing Activities**

Net cash flow used in financing activities in FY22 was \$119 million, as we repaid \$148 million of loans. The net cash flow used in financing activities was 132% lower compared with \$373 million of net cash flow generated from financing activities in FY21, as in FY21 the company recorded proceeds from share issuance and loans for the acquisition of ADMR's five metallurgical coal concessions.

The company raised a net total of Rp639 billion (equivalent to \$44.7 million) in its Initial Public Offering in December 2021 and has spent Rp296 billion (equivalent to \$20.7 million) to pay down its loan to PT Adaro Energy Indonesia Tbk.

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